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Mr. Walter Thomas
Secretary
Alabama Public Service Commission
RSA Union Building
8th Floor
100 N. Union Street
Montgomery, Alabama 36104

Re: Proposed Revisions to the Price Regulation and Local Competition Plan; Docket No. 28590

Dear Mr. Thomas:

Enclosed for filing are the original and ten copies of the Reply Comments of ITC^DeltaCom Communications, Inc. in the above-referenced matter.

Very truly yours,

Robin G. Laurie

RGL:dpe
Enclosures

cc: Counsel of Record

140947 1

BEFORE THE ALABAMA
PUBLIC SERVICE COMMISSION

In Re: Proposed Revisions to the	)	
Price Regulation and Local Competition	)	Docket 28590
Plan	)	

REPLY COMMENTS OF
ITC^DELTACOM COMMUNICATIONS, INC.

ITC^DeltaCom Communications Inc., d/b/a ITC^DeltaCom and d/b/a Grapevine ("DeltaCom") pursuant to the Alabama Public Service Commission's ("Commission") *Order Seeking Comments* ("Order") in the above-captioned matter, hereby submits these reply comments.

The Commission has sought comment concerning changes to the Price Regulation Plan (the "Plan") established on September 20, 1995, which is currently in effect.

I. Introduction and Background.

On January 6, 2004, DeltaCom, AT&T, MCI, BellSouth, the non-Bellsouth ILECs, and the Attorney General ("AG") filed comments with the Commission. A review of the comments filed reveals a wide divergence of opinion as to the appropriate rules and regulations that should apply on a going forward basis. DeltaCom and the AG recommended that the Commission hold meetings or workshops to further address the issues and the language for the new Price Regulation Plan. DeltaCom respectfully proposes that all interested parties, including members of the public, should be permitted to participate in an industry wide workshop to narrow the issues and develop the language for the Plan. Alternatively, DeltaCom respectfully requests that the Commission hold a public hearing on this matter.

II. Comments of the Attorney General

DeltaCom agrees with the AG that the Alabama market is not yet competitive. Due to the Triennial Review proceedings, existing competition in the business market may change significantly as CLECs heavily rely on the use of the unbundled network element platform (UNE-P) in BellSouth territory. BellSouth is aggressively seeking to remove its obligations to provide UNE-P at cost based rates.

DeltaCom recommends that the starting point for the Plan should be the Staff's proposal not Bellsouth's Metro Pricing Flexibility Plan ("MPFP").

The AG raised several issues in its comments that DeltaCom believes need to be addressed in the Plan that is ultimately adopted by the Commission but in particular DeltaCom highlights the following two items:

a). **Promotions and Customer Value Programs must be available throughout the state to all customers in all geographic areas and all wire centers.**[1] DeltaCom agrees that BellSouth should offer the same promotions and customer value programs in all geographic areas and all wire centers in which it is the incumbent local exchange carrier. However, no LEC (ILEC or CLEC) can offer a statewide promotion to every consumer in Alabama at this time because of the extreme divergence in costs (access and UNE). For example, DeltaCom cannot offer the same promotion in CenturyTel territory that it currently offers in BellSouth territory because the cost structure and the availability of UNE-P are completely different. Nevertheless, promotions and customer value

[1] *In re: Proposed Revisions to the Price Regulation and Local Competition Plan*, Comments of the Attorney General On Behalf of Alabama Ratepayers, Docket 28590 at page 17, (Jan. 6, 2004).

programs must be regulated or the opportunity for abuse and discrimination between similarly situated customers exists.

b). **Customer notification of price increases.** DeltaCom's position is that regulated products (unbundled or bundled) must be tariffed and allowed to become effective after the Commission Staff has had an opportunity to review and investigate. The non-regulated portion of a bundled product need not be tariffed unless a reward/credit or discount is offered based on the purchase of a regulated product thereby reducing the tariffed fee to the consumer for the regulated product. If the discount/reward/credit reduces the rate of the non-regulated product, then there is no change to the tariffed fee for the regulated product, and no filing is required. Notices of price increases to the consumer may be printed on the bill or provided via separate letter notice. North Carolina requires a 14-day advance notice but Tennessee requires a 30-day advance notice to consumers of price increases to local rates. *See Exhibit A for referenced state regulations.*

III. Comments of the Non-BellSouth ILECs

Regarding the ICO Comments, DeltaCom agrees that the BellSouth MPFP is inappropriate and if adopted results in BellSouth obtaining unwarranted pricing flexibility to the detriment of other carriers and the consuming public. The ICOs advocate "one plan" but some regulations must be tailored to fit the size and circumstances of the carrier or the regulation is no longer rationally applied. It is clear that asymmetric regulation can be appropriate. For example, because BellSouth's rates (access and UNE) are inputs to the cost structure of the CLECs, it is rational for

CLECs to have a shorter notice or filing period for tariff changes (particularly increases). The CLEC then has time to make adjustments and flow through the changes after providing the consumer timely notice.

IV. BellSouth Comments

BellSouth argues that the market in Alabama is competitive; and therefore, less regulation is appropriate. What BellSouth does not mention is that the CLEC share of the Alabama local market is 10% and that the majority of local competition in Alabama is based on the availability and pricing of UNE-P. The FCC's last Local Competition Report Tables 3 and 4 are instructive in that UNE-P is, by far, the method used by CLECs to compete against ILECs. Attached, as Exhibit B is the FCC's last Local Competition Report. More importantly, BellSouth is fervently and aggressively seeking to remove UNE-P. At the legislative level, BellSouth has joined with other incumbent local exchange carriers to garner money and support to remove existing requirements to provide UNE-P. Indeed, the LA Times reported that the "Bell Cartel"[2] has solicited money from telecommunications manufacturers. At the FCC and undoubtedly in the upcoming Triennial Review proceeding before this Commission, BellSouth has argued and will argue that it should not be required to provide UNE-P at cost based rates.

While arguing that it is subject to intense competition, BellSouth is very busy trying to remove the vehicle (UNE-P) that comprises the largest portion of existing competition in Alabama. BellSouth does argue that there are numerous facilities based

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[2] The LA Times reported that the "Bell Cartel" members include Bellsouth, Verizon, and SBC. A copy of the news article and that portion of the USTA Memorandum that is publicly available is also attached in Exhibit C.

carriers in Alabama. Specifically, BellSouth states that "they" (presumably DeltaCom) have operational voice switches in Alexander City, Anniston, Birmingham, and Montgomery.[3] This statement if it is referring to DeltaCom is incorrect. A network map showing DeltaCom's operational switches, POPs, and long haul fiber is available at **http://www.itcdeltacom.com**. A copy is attached hereto as Exhibit D. Furthermore, BellSouth's statements that " Many cities have buildings that are directly connected to ITC^DeltaCom's network with its own fiber"..."These cities include Alexander City, Auburn, ..." is misleading. Rather than relying on BellSouth for accurate facts as to the facilities deployed by CLECs in Alabama, DeltaCom strongly recommends that the Commission obtain information directly from the CLECs. Indeed, as part of the Triennial Review proceedings currently scheduled, the Commission is receiving information and expert testimony, which will allow the Commission to more accurately assess the depth of competition in Alabama. Major changes to existing regulatory framework should not be made based on broad assertions and unsupported statements.

V. Comments of AT&T and MCI

DeltaCom generally supports the comments of AT&T and MCI.

VI. Conclusion

In conclusion, there is little to no consensus among all commenting parties, and with the current TRO proceedings, DeltaCom recommends that the Commission use the information gathered in that docket regarding the state of

[3] BellSouth Comments at 21 footnote 25.

competition in Alabama to develop and support a new Price Regulation Plan. Further, DeltaCom recommends that the Commission either hold public workshops and/or conduct a hearing in this matter.

Respectfully submitted this 27th day of January, 2004.

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Communications, Inc.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served upon ~~the~~ the following by U.S. Mail, properly addressed and postage prepaid, on this the 27th day of January, 2004:

Francis B. Semmes, Esq.
BellSouth
3196 Highway 280 South
Room 304N
Birmingham, Alabama 35243

Edgar C. Gentle, III, Esquire
Gentle, Pickens, Eliason & Turner
Suite 1200
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405 South Hull Street
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Assistant Attorney General
Office of the Attorney General
Room 303
11 S. Union Street
Montgomery, Alabama 36130

[signature]
Of Counsel

(Rule 1220-4-8-.07, continued)

(a) Competing Telecommunications Service Providers providing local service unless otherwise exempted by the Commission from these requirements at the time of certification, shall be required to comply with the following:

1. File informational tariffs describing all offered services;

2. File lists of individual service prices or a price range with the highest price listed to be no greater than 25% above the lowest price in the range for all services offered;

3. File tariffs for any interconnection arrangements entered into as described in Rule 1220-4-8-.10

(b) Any tariff filed under this rule sub-section shall constitute notice to customers of the terms and conditions under which the services shall be provided, and shall be binding upon the providers subject to this Rule and their customers Any such tariff shall be nondiscriminatory

(c) Tariffs and price lists for new services shall be effective on the tariff or price filing date as defined in this Rule Chapter

(2) Pricing

(a) A price may be decreased at any time, if such decrease is within the range of prices for a service on file with the Commission

(b) Price increases for' all local services, that are within the range of prices for a service on file with the Commission: shall become effective thirty (30) days following notification by direct mail to affected customers or' by publication of a notice for the increase in a newspaper of general circulation in the affected service area New price increases that are not within such range shall not become effective until a new informational tariff is filed with the Commission

(c) Withdrawal of a non-basic local service offering shall be permitted on thirty 30 days notice to the Commission, and on 30 days direct or public notification to customers.

(d) Withdrawal of a basic local service offering may be permitted after ninety (90) days prior notice to the Commission, and after sixty (60) days prior notice to individual customers by direct mail or by publication of a notice in a newspaper of general circulation in the affected service area Any such withdrawal shall be approved by the Commission before implementation.

(3) Special Contract Provisions

(a) Special contracts and any tariffs for interconnection services shall comply with the provisions of Rule 1220-4-8-.10.

(b) Special contracts with end users which are not unduly discriminatory shall be permitted However, the Commission shall be notified of the existence of the contract upon execution. and shall be provided with a written summary of the contract provisions including a description of the services provided The Commission shall make a copy of the summary available for inspection by any interested party A copy of the contract shall be made available for Commission review upon request

(c) Any special pricing package. contract, or discount shall be made available to any similarly situated customer satisfying the required terms and conditions of the special agreement upon request

Rules and Regulations of the North Carolina Utilities Commission

Chapter 17.
Provision of Local Exchange and Exchange Access Competition.

. . . .

Rule R17-2. Requirements and limitations regarding certification of competing local providers.

(q) A notice by bill insert or direct mailing shall be given by a CLP to all affected customers at least 14 days before any public utility rates are increased and before any public utility service offering is discontinued. Notice of a rate increase shall include at a minimum the effective date of the rate change, the existing rates and the new rates.

NEWS
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FOR IMMEDIATE RELEASE
February 27, 2002

NEWS MEDIA CONTACT:
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FEDERAL COMMUNICATIONS COMMISSION RELEASES DATA ON LOCAL TELEPHONE COMPETITION

New Entrant Switched Access Lines Climbed to 17.3 Million as of June 30, 2001

Washington, D.C. – The Federal Communications Commission (FCC) today released summary statistics of its latest data on local telephone service competition in the United States. Telecommunications service providers file data on lines in service to end-user customers and state-specific mobile wireless telephone subscribership twice a year in the Commission's local competition and broadband data gathering program (FCC Form 477).

Statistics released today summarize FCC Form 477 filings made by qualifying providers on September 1, 2001, and reflect data as of June 30, 2001. Revenue information about all segments of the telecommunications industry is submitted pursuant to the Commission's consolidated Telecommunications Reporting Worksheet (FCC Form 499-A). The revenue statistics reflect data for the year 2000.

Noteworthy data include:

- Competitive local exchange carriers (CLECs) reported 17.3 million (or 9.0%) of the approximately 192 million nationwide switched access lines in service at the end of June 2001, compared to 14.9 million (or 7.7% of nationwide lines) at the end of the preceding year. This represents a 16% growth in CLEC market size during the first six months of 2001.

- About 55% of reported CLEC switched access lines served medium and large business, institutional, and government customers. By contrast, a reported 23% of incumbent local exchange carrier (ILEC) lines served such customers.

- CLECs served 5.5% of the residential and small business market, compared to 4.5% for the six-month period of January 2001-June 2001, or 3.2% for the year ago period.

- CLECs reported providing about one-third of switched access lines over their own local loop facilities, 23% by means of resold ILEC services, and 44% over acquired unbundled network element (UNE) loops. ILECs reported providing almost 8 million UNE loops to other carriers, of which about 3.2 million were provided without switching and about 4.8 million with switching

- At least one CLEC was serving local telephone service end-user customers in 60% of the nation's zip codes at the end of June 2001. Just over 90% of United States households reside in these zip codes. CLECs reported customers in the District of Columbia, in Puerto Rico, and in all states except Delaware.

- The 72 providers of mobile wireless telephone services that reported data as of June 30, 2001 served about 114 million subscribers.

- Local service revenues reported by competitors to the ILECs increased by 70% between 1999 and 2000 -- from \$6.3 billion to \$10.7 billion. The share of local service revenues claimed by competitors rose from 5.8% in 1999 to 8.9% in 2000.

The Commission is currently looking to provide a greater examination of data from various platform providers – such as wireless, satellite and cable – and its subsequent Local Competition Reports will include data from these multiple platform providers.

As additional information becomes available, it will be routinely posted on the Commission's Internet site.

The statistical summary is available in the FCC's Reference Information Center, Courtyard Level, 445 12thStreet, S.W. Copies may be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C., telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com. The statistical summary can also be downloaded from the **FCC-State Link** Internet site at www.fcc.gov/ccb/stats.

Common Carrier contacts: Industry Analysis Division at (202) 418-0940; TTY (202) 418-0484.

Local Telephone Competition: Status as of June 30, 2001

Industry Analysis Division
Common Carrier Bureau
February 2002

This report is available for reference in the FCC's Information Center at 445 12th Street, S.W., Courtyard Level. Copies may be purchased by calling Qualex International, Portals II, 445 12th Street SW, Room CY-B402, Washington, DC 20554, telephone 202-863-2893, facsimile 202-863-2898, or via e-mail qualexint@aol.com. The report can also be downloaded from the **FCC-State Link** Internet site at www.fcc.gov/ccb/stats.

Local Telephone Competition: Status as of June 30, 2001

We present here summary statistics of the latest data on local telephone service competition in the United States as reported in the Commission's local competition and broadband data gathering program (FCC Form 477). The summary statistics provide a snapshot of local telephone service competition based on switched access lines in service and state-specific mobile wireless telephone subscribership as of June 30, 2001.[1] We also summarize evidence of competition based on annual local telephone service revenues through the year 2000.[2]

Based on the latest information now available, readers can draw the following broad conclusions:

- Competitive local exchange carriers (CLECs) reported 17.3 million (or 9.0%) of the approximately 192 million nationwide switched access lines in service at the end of June 2001, compared to 14.9 million (or 7.7% of nationwide lines) at the end of the preceding year. This represents a 16% growth in CLEC market size during the first six months of 2001. See Table 1.

- About 55% of reported CLEC switched access lines serve medium and large business, institutional, and government customers. By contrast, a reported 23% of incumbent local exchange carrier (ILEC) local telephone lines served such customers. See Table 2

- CLECs reported providing about one-third of switched access lines over their own local loop facilities.[3] To serve the remainder, CLECs resell the services of other carriers or use unbundled

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[1] Qualifying carriers reported data for June 30, 2001 in filings due on September 1, 2001. (Qualification status is determined separately for each state. If a carrier has at least 10,000 local telephone lines in service in a state, it must file local telephone data for that state.) Earlier FCC Form 477 filings reported data as of December 31, 1999, June 30, 2000, and December 31, 2000. *See* Federal Communications Commission, Common Carrier Bureau, Industry Analysis Division, *Local Telephone Competition at the New Millennium* (rel. Aug. 2000), *Local Telephone Competition: Status as of June 30, 2000* (rel. Dec. 2000), and *Local Telephone Competition. Status as of December 31, 2000* (rel. May 2001) available at www.fcc.gov/ccb/stats. During this data gathering program, qualifying service providers will file FCC Form 477 each year on March 1 (reporting data for the preceding December 31) and September 1 (reporting data for June 30 of the same year). An updated FCC Form 477, and Instructions for that particular form, for each specific round of the data collection may be downloaded from the FCC Forms website at www.fcc.gov/formpage.html. FCC Form 477 replaced a previous, voluntary data gathering program which was administered by the Common Carrier Bureau. *See Local Competition and Broadband Reporting*, CC Docket No. 99-301, Notice of Proposed Rulemaking, 14 FCC Rcd 18106 (rel. Oct. 22, 1999).

[2] Revenue information about all segments of the telecommunications industry is submitted pursuant to the Commission's consolidated Telecommunications Reporting Worksheet (FCC Form 499-A), which is also available from the FCC Forms website at www.fcc.gov/formpage.html.

[3] A reporting carrier should own the "last mile" of wire, cable, or optical fiber that connects to the end-user premises (or have obtained radio spectrum for the equivalent fixed wireless facility) if it reports providing the local telephone line over its own facilities. In general, local exchange and exchange access lines provisioned over facilities (other than dark fiber) and services obtained from another carrier are not the reporting carrier's "own facilities" for purposes of FCC Form 477, irrespective of whether those (continued...)

network element (UNE) loops that they lease from other carriers.[4] See Table 3.

- In the course of our four data collections to date, the percentage of CLEC switched access lines reported to be provisioned by reselling services has declined steadily (to 23% at the end of June 2001) and the percentage provisioned over UNE loops has grown (to 44%).

- ILECs reported providing about 4.4 million lines to other carriers on a resale basis at the end of June 2001, compared to about 5.4 million lines at the end of the preceding year. By contrast, the number of UNE loops that ILECs reported providing to other carriers increased by 50%, to a total of almost 8 million.[5] See Table 4.

- UNE loops provided with ILEC switching (which includes the so-called UNE-Platform) have increased faster than UNE loops provided without switching.[6]

- About 1% of nationwide local telephone lines in service at the end of June 2001, or about 1.9 million lines, terminated at the end-user customer's premises over coaxial cable facilities. Less than 1% of lines terminated over fixed wireless facilities. See Table 5.

- The Commission's data collection program provides information about CLEC local telephone service lines (and the CLEC share of total local telephone service lines) in individual states

(Continued from previous page)
facilities or services are obtained under interconnection arrangements, under tariff, or by other means. In particular, owning the switch that provides dialtone (and other services) over a UNE loop leased from another carrier does not qualify a line as being provisioned over the reporting carrier's own facilities. We believe the reports of at least some CLECs are not consistent with these directions, and we expect such providers to report data more accurately as they gain experience with the program. We also expect that there may be some need for further clarification and adjustment of the reporting system. The Commission has accepted comments on whether modifications should be made to FCC Form 477. *See Local Competition and Broadband Deployment*, CC Docket No. 99-301, Second Notice of Proposed Rulemaking 16 FCC Rcd 2072 (rel. Jan. 19, 2001).

[4] UNE loops, as we use the term here, include UNE loops leased from an ILEC on a stand-alone basis and also UNE loops leased in combination with UNE switching or with any other unbundled network element. For definitions of the various unbundled network elements, *see Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC Rcd 3696, 3932-3952 (rel. Nov. 5, 1999).

[5] The numbers reported by ILECs may be slightly understated because smaller carriers are not required to report data. However, as the reporting ILECs account for about 98% of all ILEC lines, the understatement should not be large. (All ILECs, whether or not they normally report to the FCC, provide data on the number of telephone lines served to the National Exchange Carrier Association for use in conjunction with the Commission's universal service mechanism.) We are less certain about the extent to which comparable lines as reported by CLECs are understated as a result of the state-specific reporting threshold, but we expect such understatement to be larger, on a percentage basis, than for ILECs.

[6] The reported number of UNE loops provided without ILEC switching includes UNE loops to unaffiliated DSL service providers.

Relatively large numbers of CLEC lines are associated with the more populous states.[7] With respect to the calculated CLEC *share* of switched access lines in service, however, relatively large values are reported for some less populous states, such as Iowa, Minnesota, and Utah, as well as for some more populous states, such as New York and Texas. See Tables 6 and 7.

- At least one CLEC reported switched access lines in service in the District of Columbia, in Puerto Rico, and in all states except Delaware.[8] Four or more CLECs reported serving customers in 35 states and the District of Columbia. See Table 8.

- The percentage of CLEC switched access lines reported to serve residential and small business customers varies among the states, and is generally lower than the corresponding ILEC percentage.[9] See Table 9.

- By comparison to the roughly 192 million fixed-facility[10] switched access lines in service, the 72 providers of mobile wireless telephone services that reported information served about 114 million subscribers as of the end of June 2001.[11] About 5% of these subscribers received their service via a mobile telephone service reseller. See Table 10.

- The Commission's data collection program requires CLECs and ILECs to identify each zip code in which the carrier provides local telephone service to at least one end-user customer.[12] As of June 30, 2001, at least one CLEC was serving customers in 60% of the nation's zip codes. Just over 90% of United States households reside in these zip codes. Moreover, multiple carriers report providing local telephone service in the major population centers of the country. See Table 11, Table 12, and the map that follows Table 13.

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[7] The first and second largest numbers of CLEC lines are reported for New York and Texas which are, respectively, the third and second most populous states. The most populous state, California, has the third largest number of CLEC lines reported.

[8] Under Section 3(40) of the Communications Act the term *state* "includes the District of Columbia and the Territories and possessions." 47 U.S.C. § 153(40). We note that carriers that have fewer than 10,000 local telephone lines in service in a state are not required to report those lines on FCC Form 477, but may file the data on a voluntary basis. There were 13 voluntary ILEC filings and 24 voluntary CLEC filings of state-specific data as of June 30, 2001. In the course of our four data collections to date, the number of voluntary ILEC filings has varied between 7 and 13, and the number of voluntary CLEC filings has varied between 24 and 53.

[9] The smallest difference occurs in New York (65.3% for ILECs and 64.6% for CLECs).

[10] That is, voice telephone lines provided by means of wireline or fixed wireless technology.

[11] Facilities-based providers with fewer than 10,000 mobile wireless telephone service subscribers in a state (measured by revenue-generating handsets in service) are not required to report. A facilities-based mobile wireless telephone service provider serves subscribers using spectrum licenses that it has obtained or manages.

[12] CLECs and ILECs are required to report, for states in which they have at least 10,000 local telephone lines in service, lists of zip codes where they have subscribers. Providers of mobile wireless telephone service do not report zip codes.

- In California, Florida, Georgia, Massachusetts, New York, and Texas, at least one-quarter of the zip codes have seven or more reporting CLECs. By contrast, 12% of nationwide zip codes have seven or more reporting CLECs. See Table 13.

- The annual *local service* revenues of carriers that identified themselves as CLECs[13] when filing revenue information with the Commission increased by almost 70% from year-ended 1999 to year-ended 2000 -- increasing from $4.5 billion to $7.6 billion. See Table 14.

- Firms that do not identify local service as being their primary line of business reported substantial growth in local service revenues. The *local service* revenues of *all* local service competitors increased from $6.3 billion in 1999 to $10.7 billion in 2000.

- The share of local service revenues claimed by carriers competing with the ILECs rose from 5.8% in 1999 to 8.9% in 2000.

- The *total* telecommunications revenues of all firms engaged in providing local service in competition with the ILECs were about $97 billion in 2000 -- reflecting the operations of large firms such as AT&T and WorldCom, which have significant revenues from other telecommunications services. Thus, while competitors now claim a small share of the local telephone service market, large firms with substantial resources are active in that market. See Table 15.

As other information from FCC Form 477 becomes available, it will be routinely posted on the Commission's Internet site. We invite users of the information presented in this statistical summary to provide suggestions for improved data collection and analysis by:

- Using the attached customer response form,
- E-mailing comments to eburton@fcc.gov,
- Calling the Industry Analysis Division at (202) 418-0940, or
- Participating in any formal proceedings undertaken by the Commission to solicit comments for improvement of FCC Form 477.

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13 That is, legal entities that selected CLEC or competitive access provider (CAP) as their principal line of business when filing FCC Form 499-A. (CAP is an older term associated with some of the first local service competitors, who tended to build their own facilities.) The number of legal entities reporting that they provided some form of local service in 2000 was 2,025. In addition to 1,327 ILEC entities and 485 entities that identified themselves as CLECs or CAPs, 213 other legal entities reported local service revenues. The number of reporting entities self-identifying in any particular category can change widely with corporate acquisitions, divestitures, and reorganizations. In the opinion of the Industry Analysis Division staff, the revenue numbers are much less subject to such variation. By contrast, FCC Form 477 data are summarized at the holding company level in this statistical summary.

Table 1

End-User Switched Access Lines Reported 1/

Date	ILEC Lines	CLEC Lines	Total	CLEC Share
December 1999	181,307,695	8,194,243	189,501,938	4.3 %
June 2000	179,761,930	11,557,381	191,319,311	6.0
December 2000	177,683,672	14,871,409	192,555,081	7.7
June 2001	174,485,706	17,274,728	191,760,434	9.0

1/ Some previously published data have been revised.

Table 2 (Revised March 6, 2002)

End-User Switched Access Lines by Customer Type 1/

Date	Reporting ILECs			Reporting CLECs		
	Residential & Small Businesses	Other 2/	% Residential & Small Businesses	Residential & Small Businesses	Other 2/	% Residential & Small Businesses
December 1999	139,758,434	41,549,261	77.1 %	3,368,702	4,825,541	41.1 %
June 2000	140,635,199	39,126,731	78.2	4,579,501	6,977,880	39.6
December 2000	138,906,551	38,777,121	78.2	6,620,471	8,250,938	44.5
June 2001	134,317,629	40,168,077	77.0	7,793,071	9,481,656	45.1

1/ Some previously published data have been revised.

2/ Medium and large businesses, institutional, and government customers.

Table 3
Reporting Competitive Local Exchange Carriers 1/
(End-User Switched Access Lines in Thousands)

Date	CLECs Reporting	Total End-User Lines	Acquired Lines: Resold Lines 2/	Acquired Lines: UNEs 2/	Acquired Lines: Total Lines Acquired	Acquired Lines: Percent	CLEC-Owned: Lines 3/	CLEC-Owned: Percent
Dec 1999	81	8,194	3,513	1,959	5,471	66.8 %	2,723	33.2 %
Jun 2000	78	11,557	4,315	3,201	7,516	65.0	4,042	35.0
Dec 2000	89	14,871	4,114	5,540	9,655	64.9	5,217	35.1
Jun 2001	91	17,275	3,919	7,580	11,499	66.6	5,776	33.4

1/ Some previously published data have been revised

2/ Lines acquired from other carriers as UNE loops or under resale arrangements.

3/ Lines provided over CLEC-owned "last-mile" facilities.

Table 4
Reporting Incumbent Local Exchange Carriers 1/
(End-User Switched Access Lines in Thousands)

Date 2/	ILECs Reporting	Total Lines	End-User Lines	Lines Provided to Other Carriers: Resold Lines	UNEs without Switching	UNEs with Switching	Total UNEs	Total UNEs and Resold Lines	Percent of Total Lines
Dec 1997	9	159,008	157,132	1,743			133	1,876	1.2 %
Jun 1998	8	161,810	159,118	2,448			244	2,692	1.7
Dec 1998	7	164,614	161,191	3,062			361	3,423	2.1
Jun 1999	7	167,177	162,909	3,583			685	4,268	2.6
Dec 1999	168	187,294	181,308	4,494	1,004	489	1,493	5,987	3.2
Jun 2000	159	188,171	179,762	5,098	1,696	1,616	3,312	8,409	4.5
Dec 2000	166	188,346	177,684	5,388	2,436	2,838	5,274	10,662	5.7
Jun 2001	156	186,825	174,486	4,417	3,161	4,761	7,922	12,340	6.6

1/ Some previously published data have been revised.

2/ Data for December 1997 through June 1999 are from Common Carrier Bureau voluntary surveys. Starting with December 1999, data are from FCC Form 477 filings.

Table 5
End-User Switched Access Lines by Type of Technology, in Thousands
(As of June 30, 2001)

Technology	ILECs		CLECs		Total	
	Lines (000s)	Percent	Lines (000s)	Percent	Lines (000s)	Percent
Coaxial Cable	10	0 %	1,876	11 %	1,887	1 %
Fixed Wireless	1	0	34	0	36	0
Other (Including Traditional Wireline)	174,474	100	15,364	89	189,838	99
Total	174,486	100 %	17,275	100 %	191,760	100 %

Table 6
End-User Switched Access Lines Served by Reporting Local Exchange Carriers
(As of June 30, 2001)

State	ILECs	CLECs	Total	CLEC Share
Alabama	2,413,440	121,059	2,534,499	5 %
Alaska	474,215	*	*	*
Arizona	3,062,586	231.777	3.294,363	7
Arkansas	1,412,863	*	*	*
California	23,103,077	1,668,232	24,771,309	7
Colorado	2,805,532	325,983	3,131,515	10
Connecticut	2,363,687	164,379	2,528,066	7
Delaware	567,381	0	567,381	0
District of Columbia	887,590	124,630	1,012,220	12
Florida	11,211,674	864,892	12,076,566	7
Georgia	4,905,002	515,730	5,420,732	10
Hawaii	739,979	*	*	*
Idaho	732.814	*	*	*
Illinois	7,558,613	1,113,112	8,671,725	13
Indiana	3,576,710	180,221	3,756,931	5
Iowa	1,379,872	164,637	1,544.509	11
Kansas	1,441,940	121,294	1,563,234	8
Kentucky	2,170,191	*	*	*
Louisiana	2,505,961	108,820	2,614,781	4
Maine	801,649	*	*	*
Maryland	3,599,027	211,499	3,810,526	6
Massachusetts	4,131,520	576,442	4,707,962	12
Michigan	6,027,730	583,653	6,611,383	9
Minnesota	2.861,684	353,246	3,214,930	11
Mississippi	1,356,136	51,496	1,407,632	4
Missouri	3,446,252	224,442	3,670,694	6
Montana	527,989	*	*	*
Nebraska	931,979	*	*	*
Nevada	1,366,124	144,453	1,510,577	10
New Hampshire	775,864	67,315	843,179	8
New Jersey	6,707,243	300,594	7,007,837	4
New Mexico	977,439	*	*	*
New York	10,689,293	3,138,133	13,827,426	23
North Carolina	4,664,775	323,594	4,988,369	6
North Dakota	312,573	*	*	*
Ohio	6,876,434	280.088	7,156,522	4
Oklahoma	1,923,027	125,912	2,048,939	6
Oregon	2,079,221	118,425	2,197,646	5
Pennsylvania	7,818,599	1,122.623	8,941,222	13
Puerto Rico	1,300,665	*	*	*
Rhode Island	604,128	69,237	673.365	10
South Carolina	2,239,383	90,241	2,329,624	4
South Dakota	338,834	*	*	*
Tennessee	3,352,224	272,211	3,624,435	8
Texas	11,496,247	1,891,131	13,387,378	14
Utah	1,149.667	145,603	1,295,270	11
Vermont	399,084	*	*	*
Virgin Islands	70,426	0	70,426	0
Virginia	4,203,412	402,528	4,605.940	9
Washington	3,751,683	229,693	3,981,376	6
West Virginia	980,575	*	*	*
Wisconsin	3.151,854	322.735	3,474,589	9
Wyoming	259,839	*	*	*
Nationwide	174.485,706	17,274,728	191,760,434	9 %

Note: Carriers with under 10,000 lines in a state were not required to report

* Data withheld to maintain firm confidentiality

Table 7
Competitive Local Exchange Carrier Share of End-User Switched Access Lines 1/

State	Dec 1999	Jun 2000	Dec 2000	Jun 2001
Alabama	5 %	3 %	4 %	5 %
Alaska	*	*	*	*
Arizona	*	5	5	7
Arkansas	*	*	*	*
California	4	5	6	7
Colorado	5	7	9	10
Connecticut	3	5	6	7
Delaware	*	*	*	0
District of Columbia	7	7	9	12
Florida	6	6	6	7
Georgia	5	6	8	10
Hawaii	*	*	0	*
Idaho	0	0	*	*
Illinois	5	7	9	13
Indiana	3	4	5	5
Iowa	*	9	11	11
Kansas	*	5	7	8
Kentucky	2	*	3	*
Louisiana	3	2	3	4
Maine	*	*	*	*
Maryland	2	3	4	6
Massachusetts	6	8	11	12
Michigan	3	5	6	9
Minnesota	6	7	9	11
Mississippi	4	*	4	4
Missouri	3	5	6	6
Montana	*	*	*	*
Nebraska	*	*	*	*
Nevada	*	*	*	10
New Hampshire	*	*	6	8
New Jersey	*	4	5	4
New Mexico	*	*	*	*
New York	9	16	20	23
North Carolina	3	4	4	6
North Dakota	*	*	*	*
Ohio	4	4	4	4
Oklahoma	*	*	5	6
Oregon	2	3	5	5
Pennsylvania	5	8	10	13
Puerto Rico	0	*	*	*
Rhode Island	*	*	*	10
South Carolina	*	*	4	4
South Dakota	*	*	*	*
Tennessee	4	6	6	8
Texas	4	7	13	14
Utah	3	6	10	11
Vermont	*	*	*	*
Virgin Islands	0	0	0	0
Virginia	2	5	7	9
Washington	4	5	6	6
West Virginia	*	*	*	*
Wisconsin	5	7	8	9
Wyoming	*	*	*	*
Nationwide	4 %	6 %	8 %	9 %

Note: Carriers with under 10,000 lines in a state were not required to report

* Data withheld to maintain firm confidentiality

1/ Some previously published data have been revised

Table 8
Number of Reporting Local Exchange Carriers
(As of June 30, 2001)

State	ILECs	CLECs	Total
Alabama	9	7	16
Alaska	4	2	6
Arizona	3	8	11
Arkansas	4	1	5
California	6	14	20
Colorado	3	6	9
Connecticut	2	5	7
Delaware	1	0	1
District of Columbia	1	6	7
Florida	9	18	27
Georgia	13	16	29
Hawaii	1	1	2
Idaho	5	2	7
Illinois	6	13	19
Indiana	7	7	14
Iowa	6	4	10
Kansas	4	5	9
Kentucky	11	3	14
Louisiana	6	8	14
Maine	6	3	9
Maryland	1	9	10
Massachusetts	2	10	12
Michigan	6	11	17
Minnesota	16	11	27
Mississippi	5	5	10
Missouri	7	7	14
Montana	7	2	9
Nebraska	6	3	9
Nevada	5	4	9
New Hampshire	4	4	8
New Jersey	3	7	10
New Mexico	4	1	5
New York	8	23	31
North Carolina	13	13	26
North Dakota	8	2	10
Ohio	9	9	18
Oklahoma	9	6	15
Oregon	7	4	11
Pennsylvania	10	19	29
Puerto Rico	1	1	2
Rhode Island	1	4	5
South Carolina	12	7	19
South Dakota	7	2	9
Tennessee	12	9	21
Texas	12	27	39
Utah	5	4	9
Vermont	4	2	6
Virgin Islands	1	0	1
Virginia	5	11	16
Washington	7	8	15
West Virginia	2	1	3
Wisconsin	9	8	17
Wyoming	2	1	3
Nationwide - Unduplicated	156	91	247
Total State Filings 1/	317	364	681
Required Filings 1/	304	340	644
Voluntary Filings 1/	13	24	37

1/ Each report represents all of a company's operations in a given state Carriers with both ILEC and CLEC operations in the same state provide separate reports

Table 9
Percentage of Lines Provided to Residential and Small Business Customers
(As of June 30, 2001)

State	ILECs	CLECs	Total
Alabama	83 %	8 %	80 %
Alaska	81	*	*
Arizona	76	39	73
Arkansas	85	*	*
California	81	39	78
Colorado	73	52	71
Connecticut	86	45	84
Delaware	67	0	67
District of Columbia	33	13	31
Florida	83	29	79
Georgia	78	40	74
Hawaii	84	*	*
Idaho	76	*	*
Illinois	74	52	71
Indiana	78	22	75
Iowa	73	52	71
Kansas	87	21	82
Kentucky	83	*	*
Louisiana	81	11	78
Maine	79	*	*
Maryland	64	23	62
Massachusetts	67	46	64
Michigan	77	50	75
Minnesota	72	31	68
Mississippi	81	48	80
Missouri	84	22	80
Montana	79	*	*
Nebraska	74	*	*
Nevada	73	35	69
New Hampshire	74	48	72
New Jersey	68	13	66
New Mexico	79	*	*
New York	65	65	65
North Carolina	81	20	77
North Dakota	71	*	*
Ohio	78	13	76
Oklahoma	86	28	83
Oregon	76	37	74
Pennsylvania	71	49	69
Puerto Rico	90	*	*
Rhode Island	69	58	68
South Carolina	82	6	79
South Dakota	70	*	*
Tennessee	83	16	78
Texas	85	57	81
Utah	73	37	69
Vermont	74	*	*
Virgin Islands	99	0	99
Virginia	68	58	67
Washington	76	36	74
West Virginia	74	*	*
Wisconsin	80	32	75
Wyoming	68	*	*
Nationwide	77 %	45 %	74 %

* Data withheld to maintain firm confidentiality

Table 10
Mobile Wireless Telephone Subscribers 1/

State	Jun 2001 Reporting Carriers 1/	Jun 2001 Percent Resold 2/	Subscribers Dec 1999	Subscribers Jun 2000	Subscribers Dec 2000 3/	Subscribers Jun 2001	Percent Change Jun 00 - Jun 01
Alabama	12	1 %	1,080,410	1,253,084	1.386.294	1.930.631	54 %
Alaska	5	10	165,221	169,892	*	218,424	29
Arizona	13	3	1,125,321	1.624.668	1,855,115	2,018,410	24
Arkansas	6	2	719.919	715,467	743,928	891,275	25
California	12	5	8,544,941	12,283,369	12,710,520	14,184,625	15
Colorado	9	3	1,552,718	1.654,989	1,856,075	1,983,405	20
Connecticut	6	9	1.077.089	1,136,618	1,277,123	1,418,367	25
Delaware	5	6	270.848	275,219	371,014	389,284	41
District of Columbia	6	9	910,116	4/	928,962	987,323	N M
Florida	9	7	5,158,079	4,983,478	6,369,985	7,536,670	51
Georgia	14	4	2.538.983	2,687,238	2,754.784	4.076.119	52
Guam	*	*	*	*	0	*	*
Hawaii	6	2	288,425	454.364	524,291	543,283	20
Idaho	7	3	271,436	296.066	344,564	398,781	35
Illinois	10	9	3.922.482	4,309,660	5,143,767	5,621.044	30
Indiana	9	5	1,318,975	1,717,378	1,715,074	1,781,247	4
Iowa	8	7	774,773	975,629	832,106	861,382	(12)
Kansas	10	3	669.472	724,024	801,293	901,225	24
Kentucky	9	1	911.700	999,544	1.026,334	1.176,756	18
Louisiana	12	3	1.227.106	1,294,693	1.306,457	1.677.292	30
Maine	5	3	187,003	283,640	359,786	399,616	41
Maryland	8	4	1.473,494	4/	1,982,477	2,134,125	N M
Massachusetts	6	4	1.892,014	2,228,169	2,649.130	2,753,685	24
Michigan	10	9	3,512,813	3.423.535	3,551,719	4,071,091	19
Minnesota	12	7	1,550,411	1,595,560	1,851,430	2,014,317	26
Mississippi	9	4	673,355	509,038	786,577	993,781	95
Missouri	9	4	1,855,452	1,848,775	1,767,411	1.937,684	5
Montana	*	*	*	*	*	*	*
Nebraska	5	2	576.296	600,885	659,380	712.685	19
Nevada	6	3	750.335	825,163	684,752	766,581	(7)
New Hampshire	7	13	280,508	309,263	387,264	445,181	44
New Jersey	6	1	2,289,181	2,750.024	3,575,130	3,896,778	42
New Mexico	8	8	363,827	395.111	443,343	619,582	57
New York	9	11	4,833.816	5,016,524	5,918,136	6,749,096	35
North Carolina	11	4	2.536.068	2,730,178	3,105.811	3,377,331	24
North Dakota	*	*	*	*	*	*	*
Ohio	12	6	3.237,786	3,278,960	4.150.498	4,255,934	30
Oklahoma	12	3	826,637	979,513	1,124,214	1,200,234	23
Oregon	8	3	914.848	1,082,425	1,201,207	1.268.909	17
Pennsylvania	12	5	2.767,474	3,850,372	4,129,186	4,378,216	14
Puerto Rico	5	21	*	1,090,005	757,613	1,374,747	26
Rhode Island	6	5	279.304	313,550	355,889	401,805	28
South Carolina	8	9	1.137,232	1,236,338	1,392,586	1,502,345	22
South Dakota	*	*	*	*	*	*	*
Tennessee	11	1	1,529.054	1,876,444	1,985,851	2,251.208	20
Texas	16	5	5,792,453	6,705,423	7,548,537	8,294,338	24
Utah	10	3	643.824	692,006	750,244	833,492	20
Vermont	*	*	*	*	*	*	*
Virgin Islands	*	*	*	0	0	*	*
Virginia	11	4	1,860,262	4/	2.450,289	2.767,247	N M
Washington	9	4	1,873,475	2,144,767	2,286,082	2,493,214	16
West Virginia	9	6	241,265	347.916	392,384	452,036	30
Wisconsin	10	7	1,525,818	1,342,908	1,698,520	2,008.679	50
Wyoming	4	3	127,634	*	*	173,939	*
Nationwide	72	5 %	79.696.083	90,643,058	101,043,219	114.028,928	26 %

N M - Not meaningful

* Data withheld to maintain firm confidentiality

1/ Carriers with under 10,000 subscribers in a state were not required to report

2/ Percentage of mobile wireless subscribers receiving their service from a mobile wireless reseller

3/ Data for December 2000 have been revised.

4/ At the end of June 2000, the District of Columbia. Maryland, and Virginia had a total of 4 8 million subscribers The state-by-state totals for these individual states were inconsistently reported at the end of June 2000 compared to the other filing periods

Table 11
Percentage of Zip Codes
with Competitive Local Exchange Carriers

Number of CLECs	June 2000 1/	June 2001
0	46.6 %	40.0 %
1	19.7	16.3
2	9.1	9.9
3	6.9	8.2
4	5.0	5.6
5	3.9	4.1
6	2.4	3.3
7	1.6	2.6
8	1.2	2.2
9	1.1	1.7
10 or More	2.5	5.9

1/ Data for June 2000 have been revised

Table 12
Households in Zip Codes with Competitive Local Exchange Carriers

Number of CLECs	June 2000 1/		June 2001	
	Households	Percentage	Households	Percentage
0	14,961,004	14.5 %	9,868,758	9.5 %
1	13,916,596	13.5	9,263,142	9.0
2	12,347,623	11.9	9,049,456	8.8
3	12,926,647	12.5	11,917,810	11.5
4	11,440,264	11.1	10,404,061	10.1
5	9,885,363	9.6	9,013,244	8.7
6	6,604,080	6.4	7,817,760	7.6
7	4,448,655	4.3	6,237,933	6.0
8	3,824,159	3.7	5,746,855	5.6
9	3,865,944	3.7	4,661,435	4.5
10	2,910,477	2.8	4,408,375	4.3
11	2,614,329	2.5	3,786,700	3.7
12	1,398,600	1.4	3,300,413	3.2
13	762,738	0.7	2,671,838	2.6
14	630,526	0.6	1,667,014	1.6
15	306,073	0.3	1,073,135	1.0
16	247,495	0.2	815,304	0.8
17	166,946	0.2	490,565	0.5
18	111,027	0.1	530,607	0.5
> 18	10,121	0.0	654,262	0.6

1/ Data for June 2000 have been revised.

Source: Demographic Power Pack, Current Year Update (2000), MapInfo Corporation

Table 13
Percentage of Zip Codes with Competitive Local Exchange Carriers
(As of June 30, 2001)

	Number of CLECs					
State	Zero	One - Three	Four	Five	Six	Seven or More
Alabama	44 %	48 %	5 %	3 %	0 %	0 %
Alaska	74	26	0	0	0	0
Arizona	36	30	9	10	6	9
Arkansas	92	8	0	0	0	0
California	16	36	7	7	6	29
Colorado	44	35	4	7	8	3
Connecticut	0	79	17	4	0	0
Delaware	100	0	0	0	0	0
District of Columbia	19	30	7	26	19	0
Florida	3	18	6	7	8	57
Georgia	11	36	8	5	6	34
Hawaii	63	37	0	0	0	0
Idaho	60	40	0	0	0	0
Illinois	52	23	3	2	2	19
Indiana	56	38	2	1	2	0
Iowa	77	23	0	0	0	0
Kansas	64	34	2	0	0	0
Kentucky	77	23	0	0	0	0
Louisiana	33	36	8	5	6	12
Maine	37	63	0	0	0	0
Maryland	4	60	7	11	10	8
Massachusetts	1	31	12	12	18	26
Michigan	20	54	7	5	6	9
Minnesota	48	35	7	7	3	0
Mississippi	7	83	10	0	0	0
Missouri	64	24	5	4	3	0
Montana	96	4	0	0	0	0
Nebraska	56	44	0	0	0	0
Nevada	27	73	0	0	0	0
New Hampshire	3	89	8	0	0	0
New Jersey	2	66	17	10	4	0
New Mexico	95	5	0	0	0	0
New York	6	24	10	7	6	48
North Carolina	13	53	9	7	4	15
North Dakota	93	7	0	0	0	0
Ohio	47	33	10	7	2	0
Oklahoma	64	27	7	2	0	0
Oregon	18	77	5	0	0	0
Pennsylvania	23	42	6	4	5	20
Puerto Rico	81	19	0	0	0	0
Rhode Island	3	78	19	0	0	0
South Carolina	43	37	7	8	5	0
South Dakota	89	11	0	0	0	0
Tennessee	50	27	5	6	4	7
Texas	14	29	6	4	5	43
Utah	49	40	11	0	0	0
Vermont	15	85	0	0	0	0
Virginia	54	30	6	6	3	1
Washington	38	36	11	5	6	4
West Virginia	99	1	0	0	0	0
Wisconsin	59	28	6	5	1	0
Wyoming	70	30	0	0	0	0
Nationwide	40 %	34 %	6 %	4 %	3 %	12 %

Reporting CLECs by Zip Code
(As of June 30, 2001)

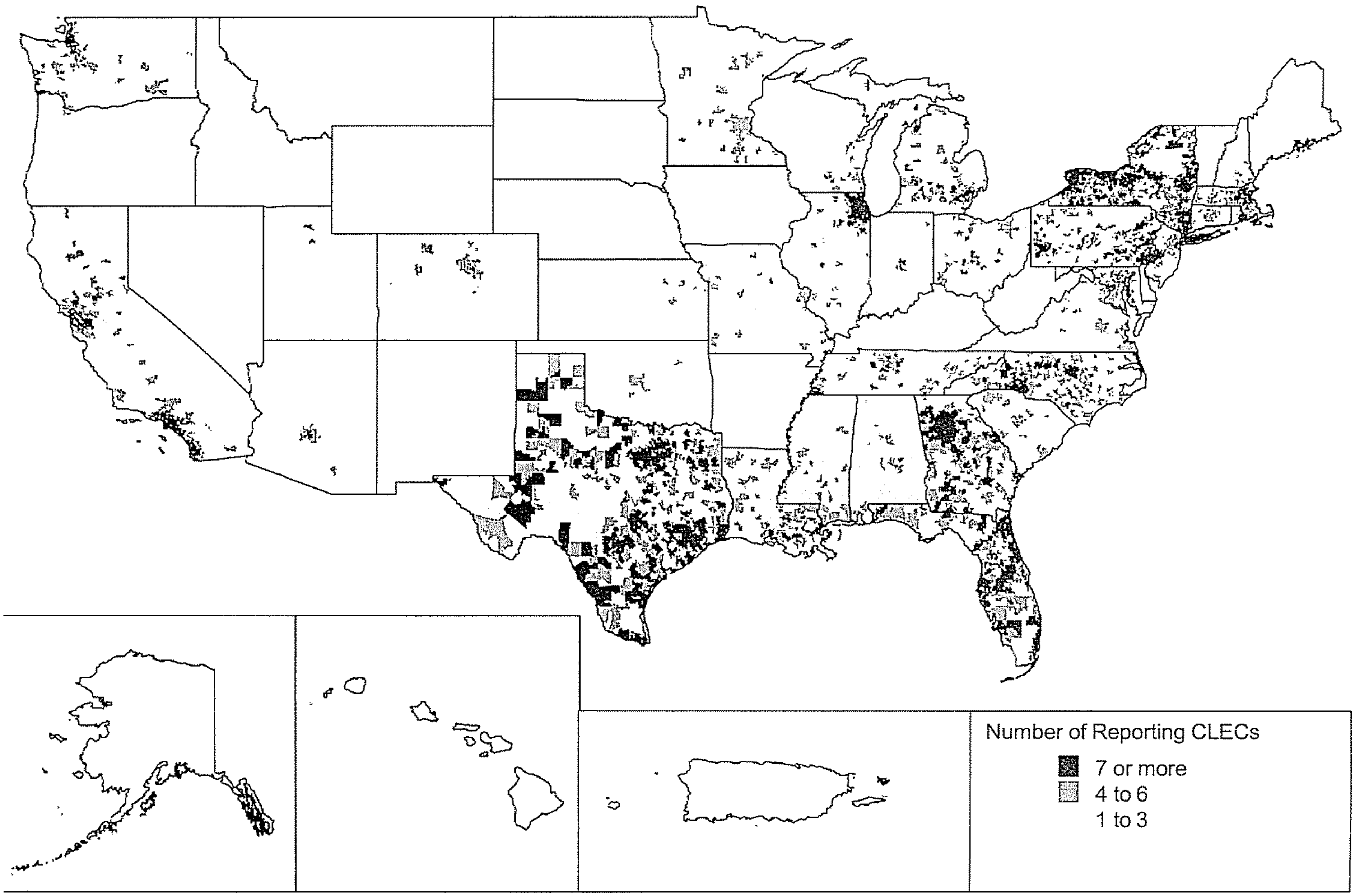

Table 14
Local Service Market *
(Dollar Amounts Shown in Millions)

	TRS Data				TRS & USF Data		Form 499-A	
	1993	1994	1995	1996	1997	1998	1999	2000
Number of Local Competitors								
RBOCs & Other Incumbent LECs	1,281	1,347	1,347	1,376	1,410	1,348	1,335	1,327
CAPs & CLECs	20	30	57	94	129	212	349	485
Local Resellers, Shared Tenant, Private Carriers & Other Local Service Providers	N.A.	N.A.	N.A.	25	18	64	147	122
All other carriers reporting local exchange service revenues	N.A.	N.A.	N.A.	74	109	133	143	91
Total	1,301	1,377	1,404	1,569	1,666	1,757	1,974	2,025
Local Service Revenues 1/								
Incumbent LECs								
Bell Operating Companies 2/	$58,838	$61,415	$65,485	$70,290	$68,028	$69,801	$76,586	$94,080
Other Incumbent LECs 2/	20,894	22,507	24,269	24,899	24,960	26,989	26,084	15,233
Total 2/	79,732	83,922	89,754	95,189	92,988	96,790	102,670	109,313
Local Service Competitors								
CAPs & CLECs	174	269	595	949	1,556	2,393	4,505	7,573
Local Resellers, Shared Tenant, Private Carriers & Other Local Service Providers	N.A.	N.A.	N.A.	N.A.	224	329	522	913
All other carriers (local exchange service revenues only) 3/	46	32	56	59	381	809	1,319	2,177
Total	220	301	651	1,008	2,161	3,530	6,347	10,664
Total	$79,952	$84,224	$90,405	$96,197	$95,149	$100,320	$109,016	$119,976
Share of Local Service Revenues								
Incumbent LECs								
Bell Operating Companies	73.6%	72.9%	72.4%	73.1%	71.5%	69.6%	70.3%	78.4%
Other Incumbent LECs	26.1%	26.7%	26.8%	25.9%	26.2%	26.9%	23.9%	12.7%
Total	99.7%	99.6%	99.3%	99.0%	97.7%	96.5%	94.2%	91.1%
Local Service Competitors								
CAPs & CLECs	0.2%	0.3%	0.7%	1.0%	1.6%	2.4%	4.1%	6.3%
Local Resellers, Shared Tenant, Private Carriers & Other Local	N.A.	N.A.	N.A.	N.A.	0.2%	0.3%	0.5%	0.8%
All other carriers	0.1%	0.0%	0.1%	0.1%	0.4%	0.8%	1.2%	1.8%
Total	0.3%	0.4%	0.7%	1.0%	2.3%	3.5%	5.8%	8.9%

N.A. - Not available

* Some previously published data have been revised. Note that on June 30, 2000, GTE and Bell Atlantic merged and became Verizon.

1/ For 1993 through 1996, for most categories of carriers, local service revenues include revenues from the following TRS reporting categories: local exchange, local private line, other local services, interstate access services and intrastate access services. The amounts shown do not include pay telephone, mobile or toll service revenues. See also footnote 3. 1997 and 1998 revenues for carriers that filed TRS worksheets but not universal service worksheets were estimated using 1998 TRS worksheets. These worksheets contain carrier revenue data for calendar year 1997.

2/ Incumbent LEC local service revenues for 1996 and prior years include significant amounts of yellow pages, billing and collection and other revenues that were reported as other local service revenues. If these revenues were included in 1997, incumbent LECs would show significant revenue growth from 1996 to 1997. Inside wire maintenance was included in local service revenues in 1997 but not thereafter.

3/ Toll carriers typically provide resold special access and private line services as part of toll service operations. Accordingly, the table shows local exchange revenues rather than all local revenues for these carriers. All local exchange revenues for these carriers are shown below. The 1998 figure is high because many toll carriers misread instructions and reported a total of about $1.2 billion of PICC pass-through charges as tariffed subscriber line charge and end-user PICC revenues rather than reporting those charges as toll revenues. Payphone revenues are not included in this table.

All local service revenues reported by all other carriers	1993	1994	1995	1996	1997	1998	1999	2000
	$243	$212	$297	$291	$1,274	$3,418	$1,848	$2,446

Source: Data filed on FCC Forms 431, 457 and 499-A worksheets. See also: *Telecommunications Industry Revenues*.

Table 15
Total Telecommunications Revenues *
(Dollar Amounts Shown in Millions)

	TRS Data 1/					TRS & USF Data		Form 499-A	
	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total telecommunications revenues including local, pay telephone, mobile and toll service									
Incumbent LECs 1/	$91,584	$95,228	$98,431	$102,820	$107.905	$105,154	$108,234	$112,216	$116,158
CAPs & CLECs	69	191	274	637	1,012	1,919	3,348	5,652	9,814
Local Resellers, Shared Tenant, Private Carriers & Other Local Service Providers	N.A.	N.A.	N.A.	N.A.	N.A.	562	686	857	1,131
All other carriers reporting local exchange service revenues	N.A.	N.A.	N.A.	N.A.	N.A.	74,421	76,025	83,677	85,680
Carriers not included above (Carriers that do not report any local exchange service revenues)	N.A.	N.A.	N.A.	N.A.	N.A.	49,113	58,099	66,103	79,979
Industry Total	$153,409	$165,342	$174,890	$190,076	$211,782	$231,168	$246,392	$268,505	$292,762
Ratio of Incumbent LEC's total telecommunications revenues to the total telecommunications revenues of:									
CAPs & CLECs	1336 : 1	498 : 1	359 : 1	161 : 1	107 : 1	55 : 1	32 : 1	20 : 1	12 : 1
Local Resellers, Shared Tenant, Private Carriers & Other Local Service Providers						187 : 1	158 : 1	131 : 1	103 : 1
Share of industry total telecommunications revenues									
Incumbent LECs 1/	59.7%	57.6%	56.3%	54.1%	51.0%	45.5%	43.9%	41.8%	39.7%
CAPs & CLECs	0.0%	0.1%	0.2%	0.3%	0.5%	0.8%	1.4%	2.1%	3.4%
Local Resellers, Shared Tenant, Private Carriers & Other Local Service Providers						0.2%	0.3%	0.3%	0.4%

N.A. - Not available

* Some previously published data have been revised

1/ Incumbent LEC local service revenues for 1996 and prior years include significant amounts of yellow pages, billing and collection and other revenues that were reported as other local service revenues. If these revenues were included in 1997, incumbent LECs would show significant revenue growth from 1996 to 1997. Inside wire maintenance was included in local service revenues in 1997 but not thereafter. 1998 revenues for carriers that filed TRS worksheets but not universal service worksheets were estimated using 1998 TRS worksheets. These worksheets contain carrier revenue data for calendar year 1997.

Source: Data filed on FCC Form 431, 457 and 499-A worksheets. See also: *Telecommunications Industry Revenues*.

Customer Response

Publication: *Local Telephone Competition: Status as of June 30, 2001.*

You can help us provide the best possible information to the public by completing this form and returning it to the Industry Analysis Division of the FCC's Common Carrier Bureau.

1. Please check the category that best describes you:
   - _____ press
   - _____ current telecommunications carrier
   - _____ potential telecommunications carrier
   - _____ business customer evaluating vendors/service options
   - _____ consultant, law firm, lobbyist
   - _____ other business customer
   - _____ academic/student
   - _____ residential customer
   - _____ FCC employee
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   - _____ state or local government employee
   - _____ Other (please specify) ____________________

2. Please rate the report:

Please rate the report:	Excellent	Good	Satisfactory	Poor	No opinion
Data accuracy	(_)	(_)	(_)	(_)	(_)
Data presentation	(_)	(_)	(_)	(_)	(_)
Timeliness of data	(_)	(_)	(_)	(_)	(_)
Completeness of data	(_)	(_)	(_)	(_)	(_)
Text clarity	(_)	(_)	(_)	(_)	(_)
Completeness of text	(_)	(_)	(_)	(_)	(_)

3. Overall, how do you rate this report?

	Excellent	Good	Satisfactory	Poor	No opinion
Overall, how do you rate this report?	(_)	(_)	(_)	(_)	(_)

4. How can this report be improved?

____

____

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____

5. May we contact you to discuss possible improvements?
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Los Angeles Times

Baby Bells Call on Tech for Aid

Telecom CEOs want their suppliers to help lobby U.S. officials for regulatory changes. By James S. Granelli Times Staff Writer

October 28, 2003

Chief executives of powerful Baby Bells are wooing their counterparts at major high-tech companies to help persuade federal officials to slash regulations and let the phone companies raise prices.

In an unusual power dinner in Washington last week, the CEOs of SBC Communications Inc., Verizon Communications Inc., BellSouth Corp. and other local phone service providers outlined a three-year lobbying campaign that would bring together top executives from the telecommunications and tech sectors for high-level talks with the White House, Congress and the Federal Communications Commission.

The phone executives gathered with the heads of several high-tech suppliers, including Intel Corp., Motorola Inc., Lucent Technologies Inc. and Nortel Networks Corp., at the St. Regis Hotel to map out plans for raising a multimillion-dollar war chest to lobby for a change in the way telephone companies are regulated, according to portions of an agenda memo that was obtained by The Times.

The local-phone industry wants "comprehensive federal legislation to substitute market-based competition for government-managed competition," the memo said. The goal is "to end government management of competition where the consumer has a choice of telecommunications service."

The meeting was organized by SBC President William M. Daley and the U.S. Telecom Assn., a trade group for Bell companies and other firms that own local phone networks.

Rival phone companies, trade groups and political analysts derided the meeting as an attempt by the Bells to muscle their deep-pocketed suppliers. The Bells have been lobbying for changes in laws and regulations for years, to little effect.

"This is the Bell companies' continuing efforts to restore their monopoly in local phone service," said Charlie Black, a veteran Republican strategist who is close to President Bush.

"Things didn't go their way before the FCC, and they couldn't get Congress to do it, and they'll never give up as long as they have to compete for local phone service," said Black, who has lobbied on behalf of Bell rivals. "These people are monopolists who don't know how to behave in a competitive world."

The lobbying campaign would represent a "serious power play," said Tim Hugo, executive director of CapNet, a bipartisan Washington group that lobbies on technology issues.

"I almost see this as an implied threat to the [Bush] administration when you get so many powerful telecom and tech executives in one room," said Hugo, whose group includes Bell rivals AT&T Corp. and WorldCom Inc.'s MCI unit. "I know that if the Bells are able to succeed, it will unfairly disadvantage consumers and small businesses across the country and result in higher prices and fewer choices."

The Bell companies declined to comment on the meeting.

Tom Amontree, a USTA senior vice president who was not at the dinner, said the long-struggling telecom industry needed to be revived because it was crucial to the overall economy.

Telecoms are "reaching out to all sectors" to take part in a "united effort to educate Congress, the White House, regulators and anyone else who will listen," Amontree said.

The Bells hope that their suppliers and manufacturers, which provide such telecom gear as chips and switches, will contribute as much as $500,000 a year for three years, according to the memo.

One Bell executive, who asked not to be named, called the regulatory world "out of control" and said many high-tech companies involved in high-speed, or broadband, issues would be boosted by a Bell lobbying victory.

"Maybe some people feel their arms are being twisted," the executive said, "but their interests are aligned with ours."

To spur innovation and investment, Amontree said, the government should eliminate some rules, such as the requirement that the Bells lease their phone networks and gear to competitors at regulated prices. The Bells have long complained that those prices were too low for them to recover their costs.

None of the tech executives who attended the dinner returned phone calls Monday.

Black, the strategist, was surprised that the telecoms would lean on their suppliers and manufacturers, because so many vendors have made a point of not getting involved in past Bell fights at the FCC. He also questioned the Bells' promises to make the kind of investments in their networks that would enrich the high-tech suppliers.

"The Bells for years and years were saying, 'We must have it our way on broadband,' " seeking to set wholesale prices for leasing their high-speed lines, Black said. "The FCC gave that to them. That was supposed to trigger investment. Now they say this [wholesale pricing] is terrible and until it's fixed, they can't invest in anything."

Bruce Fein, a former FCC general counsel, said he couldn't recall any sector putting together such a powerful meeting involving so many "cardinals of the industry."

"This is just a staggering array of mammoth companies," Fein said.

"And their purpose is clearly economic - to destroy the competitors." If you want other stories on this topic, search the Archives at latimes.com/archives <http://www.latimes.com/archives>.

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Walter B. McCormick, Jr.
President and Chief Executive Officer

TO: **Bill Daley**
Karen Puckett
Margaret Greene
Skip Franz
Tom Tauke

FROM: **Walter McCormick**

DATE: **October 17, 2003**

RE: **CEO Dinner, Monday, October 20th**

The response to Bill Daley's dinner invitation has been extraordinarily positive. The CEOs of ten of the industry's leading manufacturers will be in attendance Monday evening. The only regrets were Cisco, Avaya and Calix – each due to irreconcilable conflicts. A list of confirmed attendees is attached.

The plans for the evening are as follows:

- 6:30 p.m. Cocktails
- 7:00 p.m. Welcoming remarks by Bill Daley
- 7:05 p.m. Campaign presentation by Walter McCormick
- 7:15 p.m. CEO dinner and discussion

We are going to inform the manufacturers that we want to work with them to establish a new business environment that is conducive to investment, innovation and economic growth. Our objectives are:

1. To end government management of competition where the consumer has a choice of telecommunications service.

2. To reform universal service.

We are going to describe to them our three-year goal for comprehensive federal legislation to substitute *market-based* competition for *government-managed* competition, and our immediate, short-term objectives in furtherance of this broader goal in current proceedings before the FCC on UNE-P, TELRIC pricing, Broadband, and USF.

are going to brief them on our campaign, on the broad industry commitment to it, and on the positive things we have learned from our polling and interviews. We are then going to ask them to make the following commitments:

1. To join with us in CEO-level meetings at the White House, on Capitol Hill, and at the FCC.
2. To join with us in a CEO-level press conference at the National Press Club
3. To incorporate these objectives into their own corporate messaging, both internally and externally.
4. To make a three-year financial commitment to this campaign.

We are going to ask them to commit to fund this campaign at a level of 3/1000ths of a cent on each dollar of revenue. For the larger companies, this would be a funding level of approximately $500,000 per year for three-years.

<u>**Message Points**</u>

- Carriers and manufacturers are interdependent. If we grow … we buy … and then they grow, as well.
- We want to grow, to invest, and to expand our businesses.
- If we are to do that, we need regulatory certainty. We need a policy environment that rewards investment in infrastructure. And, we need an approach to universal service that is sustainable.
- There are a number of near-term state and federal regulatory proceedings that are critical to our future. These include proceedings on UNE-P, TELRIC, Broadband, and Universal Service.
- We are working for reform in each of these proceedings. But, in doing so, it has become increasingly clear that we are not making the kind of progress that we need to make, as an industry, if we are to fundamentally improve our business environment and the telecommunications sector of the economy.
- So, we've taken stock. We've invested in some sophisticated research. We've polled policy makers; we've polled voters. We've interviewed our friends, and we've interviewed our enemies. What we've learned is that policymakers, the press, and the public see our issues as having little relevance to their lives, or to the nation. We have learned that if we want to succeed, then we are going to have to change this dynamic. We are going to have to come together as something broader than individual companies and specific issues. We are going to have to come together as a forceful, forward-looking telecommunications *industry* – carriers, manufacturers, labor – looking to grow, to invest, and to *compete* in a vibrant marketplace free of micro-management by government bureaucrats.
- We have laid a lot of groundwork. We have developed sophisticated messaging that we know will resonate with voters, because it has been scientifically tested. We have developed advertising, and tested it. We have begun structuring a strategic grassroots initiative that is aimed at taking advantage of our size and market strength. We have gotten the ILEC industry united, and we have gotten more than 30 companies to contribute to a major advertising and grassroots campaign.
- As carriers, we are united, and committed. We now need our manufacturers to unite with us, and commit, as well.

William M. Daley
Private Dinner
6:30 p.m.
Monday, October 20, 2003
Chandelier Room, St. Regis Hotel
923 16th Street, NW
Washington, D.C.

Attendees

TELECOMMUNICATIONS SUPPLIERS

Adtran
Mark Smith, CEO

AFC
John Schofield, CEO & Chairman

Alcatel USA
Mike Quigley, CEO

Corning
James R. Houghton, CEO

Fujitsu
Tony Yoden, President & CEO

Intel
Craig R. Barrett, CEO

Lucent Technologies
Patricia F. Russo, CEO

Motorola
Christopher B. Galvin, CEO

Nortel Networks
Frank A. Dunn, CEO

Siemens
George C. Nolen, President & CEO

TELECOMMUNICATIONS CARRIERS

ALLTEL
Scott T. Ford, President & CEO

BellSouth
F. Duane Ackerman, Chairman & CEO

CenturyTel
Glen F. Post, Chairman & CEO

SBC
Edward E. Whitacre, Jr., Chairman & CEO
William M. Daley, President

U.S. Telecom Association
Walter B. McCormick, Jr., President & CEO

Verizon
Ivan G. Seidenberg, CEO

CEO Talking Points

BACKGROUND

The Administration has indicated its interest in restoring health and vigor to the manufacturing sector of the American economy. We have undertaken independent polling that shows that Americans see telecommunications and computers as the two sectors of the American economy that hold the most promise for economic growth, and indicates that voters understand that government micro-management stifles investment and economic vitality.

Technology has changed the way Americans communicate. Wireless phones, blackberries, e-mail, instant messaging, cable telephony and Internet telephony are giving consumers a variety of service and pricing options. It is time to recognize this new reality, end government-management of competition, and allow market-based competition to flourish. If we let consumers, rather than the government, decide who wins and loses in the telecommunications marketplace, then we can ignite investment in networks – investment that will drive innovation, job growth, and economic and social vitality.

As the nation's telecommunications carriers and suppliers, we believe that the Administration should embrace market-based competition as the only practicable approach to achieving telecommunications investment and vitality in the 21st Century. And, at the same time, we believe that the Administration should commit itself to preserving and safeguarding the important consumer benefits that come from having a strong network infrastructure, like guarantees of affordable phone rates in rural areas through universal service support, 911 emergency response, and service restoration in the wake of storms, natural disasters, and acts of war.

THE REQUEST

We ask that the Administration adopt as its policy:

1. Ending price regulation and government-management of competition where the consumer has a choice of telecommunications service.
2. Preserving the important consumer and national security benefits that come from having a strong national network infrastructure, such as the guarantee of affordable phone rates in rural areas through universal service support.

We further ask that the Administration advance this policy through participation by the U.S. Department of Commerce/National Telecommunications & Information Administration in key FCC regulatory proceedings, and in legislative proceedings on Capitol Hill.

DISCUSSION

Today, telecommunications regulation is based upon the 19th Century railroad model. But, in the 20th Century, Congress pre-empted federal and state regulation of railroad pricing wherever the consumer had a transportation choice – from either another railroad, or from a truck, bus, barge, ship or airline carrier. In doing so, Congress unleashed investment, innovation and economic growth in transportation. We believe that Congress should adopt this 20th Century railroad model for telecommunications in the 21st Century. Federal and state regulation of telecommunications should be pre-empted wherever the consumer has a telecommunications choice – from either another wireline carrier, or from a fixed wireless, mobile wireless, cable, internet or satellite carrier. And, as a safety net to guarantee the continued provision of affordable service to remote areas, Congress should require that all telecommunications products and services contribute to universal service.

CONCLUSION

Economic regulation was intended to be a surrogate for competition. Where there is competition, economic regulation is not only unnecessary, but harmful. In telecommunications, where the consumer has a choice, the market should be allowed to work. Substituting market-based competition for government-managed competition will spur investment, job creation, and economic growth.

Specific Action Items

1) **The Administration, through NTIA, should endorse legislative initiatives that substitute market-based competition for government-managed competition.**

2) **The Administration, through NTIA, should call upon the FCC to move aggressively to substitute market-based competition for government-managed competition in the services under its jurisdiction. To accelerate capital investment and job creation and to foster sustainable telecom competition, the FCC must act quickly on the following issues:**

   a) **UNE Triennial Review** – The new rules adopted by the FCC in the recently released UNE Triennial Review Order fell short of the substantial broadband relief announced by the FCC in February. To stimulate broadband deployment, the FCC should make clear that traditional regulation should not extend to new broadband networks. The FCC needs to fix the broadband portion of the order in several respects:

      i) Section 271 – Section 271 unbundling obligations should be eliminated when Section 251 unbundling obligations are no longer justified. The FCC should address this in a pending forbearance petition filed by Verizon.

      ii) Apartments – Fiber deployment to apartments and other multi-dwelling units should not have to be unbundled. The FCC should address this in a clarification or reconsideration order.

      iii) Mass market – Fiber deployment to residential and small business customers should not have to be unbundled. The FCC should address this in a clarification or reconsideration order.

   b) **Broadband Proceedings** – In several pending proceedings, the FCC is considering how to regulate broadband services offered by local phone companies and cable operators. The FCC needs to regulate functionally equivalent, and competing, services in the same manner, whether offered by local phone companies, cable operators, or other providers. Thus far, the FCC has failed to act decisively to encourage local phone companies to make substantial investments in fiber deployment. The FCC has been reviewing this issue since December 2001 and should bring it to a conclusion by Thanksgiving of this year.

   c) **Special Access**
   In the Triennial Review order, the FCC decided to meddle with a test designed to ensure that competitors could not use certain network facilities of local phone companies at below cost prices to provide competitive interstate access services. Although the FCC declared its intent to make such a change without opening the door for gaming of the system, the FCC failed to do just that. The new rules will result in below cost pricing for special access services, thus destroying a thriving competitive market and reducing incumbents' revenues by billions of dollars

annually. The FCC should stay these new rules that severely undermine the competitive Special Access market.

d) **Wholesale Pricing**

i) TELRIC NPRM – The FCC's current TELRIC pricing rules severely devalue the networks of local phone companies. The FCC should revise its rules to reflect the actual costs of building and maintaining networks, and not rely on hypothetical models that have led to below-cost prices. While the FCC missed its opportunity help turn around a sick sector of the economy in the UNE Triennial Review, it should act by the 1st quarter of 2004 to revise its wholesale pricing rules.

ii) Forbearance petitions – As an immediate partial fix, the FCC should act now in addressing forbearance petitions submitted by local phone companies on whether TELRIC pricing should apply to the UNE-Platform. A strong signal to the industry and the capital markets of the FCC's move to rational pricing would be to grant immediately these petitions and specifically rule that UNE-Platform carriers are not entitled to receive access charges from their customers. Such revenues rightfully belong to local phone companies since they are the network providers.

3) **The Administration, through NTIA, should encourage the FCC and the Congress to quickly implement a sustainable universal service contribution methodology that assesses contributions to the universal service fund from the broadest possible base of telecommunications providers possible, regardless of technology or network platforms through which services are provided.**

Action Plan for the FCC

Issue	Action needed	Deadline / Vehicle
1. Broadband	▪ Fix the broadband portion of the UNE Triennial Review order	▪ Act now on forbearance petition filed by Verizon and clarify or reconsider portions of the order
	▪ Regulate functionally equivalent, and competing, services in the same manner	▪ Act by this Thanksgiving on pending broadband proceedings
2. Special Access	▪ Stay new rules that would encourage gaming of the system and destroy a competitive market	▪ Act now in adopting stay
3. Wholesale pricing	▪ Revise TELRIC pricing rules to reflect actual costs of building and maintaining networks	▪ Act by 1st quarter of 2004 on pending NPRM
	▪ Rule that local phone companies, and not UNE-Platform carriers, are entitled to receive access charges	▪ Act now on forbearance petitions filed by BOCs
4. Universal Service	▪ Rule that all broadband providers must contribute to funding universal service	▪ Act now in contributions docket
	▪ Issue rules ensuring that states rigorously apply public interest test when designating new ETCs	▪ Act now in ETC designation docket

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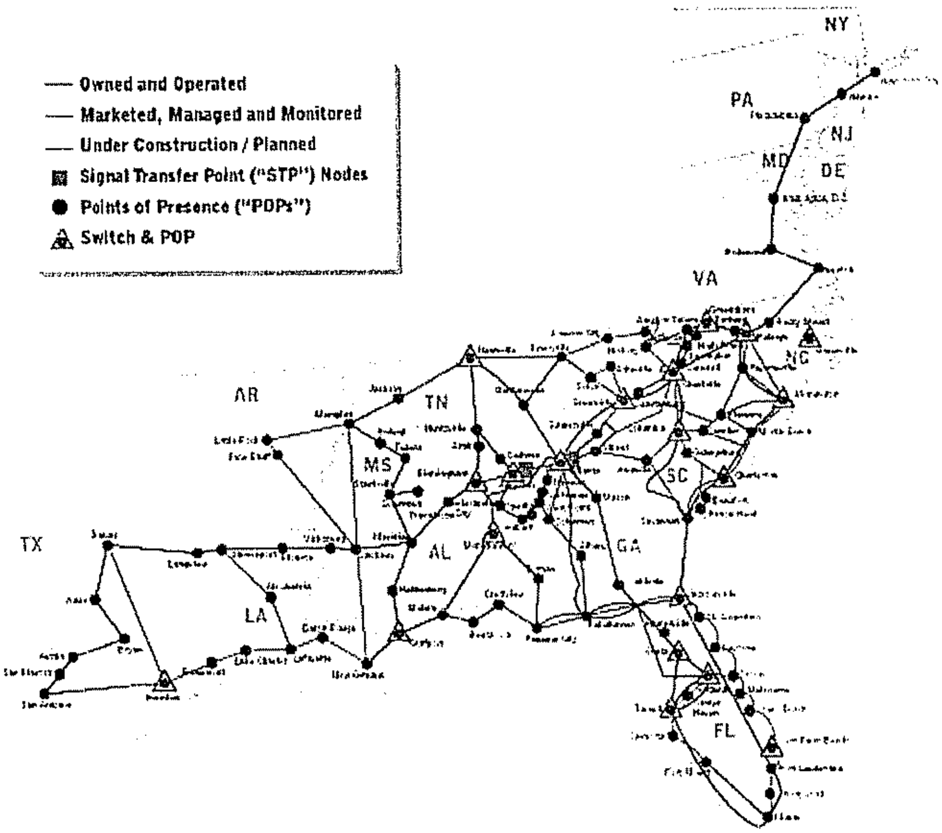

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